

SUBCOMMITTEE NO. 1 on Education



Subcommittee No. 1
Chair, Gloria Romero
Member, Bob Huff
Member, Carol Liu

Thursday, May 7, 2009
9:30 a.m.
State Capitol, Room 3191

PART A -- K-12 EDUCATION **OUTCOMES**

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ISSUE 1: DOF April Letters – Various Budget Amendments and Additions (Consent Items)

DESCRIPTION: The Department of Finance (DOF) proposes the following changes to the 2009-10 Budget Act for K-12 education. These revisions are proposed by the April 1st budget amendment letter (April Letter) from the Department of Finance.

Part A. California Department of Education

The Administration proposes the following technical adjustments to various state operations and local assistance budget items. For the most part, these issues are considered technical adjustments to update budget appropriation levels so they match the latest federal estimates and utilize funds consistent with current programs and policies.

Federal Funds Adjustments – State Operations

1. Special Child Nutrition Grants (Issue 490)—It is requested that Item 6110-001-0890 be increased by \$1.1 million Federal Trust Fund and that Item 6110-001-0001 be amended to reflect the anticipated receipt of Direct Certification, Team Nutrition, and Administrative Review and Training grants awarded by the United States Department of Agriculture. These funds would be used to develop and implement school district training needed to implement federal requirements associated with the Child Nutrition Program, which is an entitlement program that reimburses local educational agencies (LEAs) for serving meals and snacks to eligible students in the Child and Adult Care Food Program, the School Nutrition Program, and the Summer Food Service Program.

It is further requested that provisional language be added to Item 6110-001-0890 as follows to conform to this action:

X. Of the funds appropriated in this item, \$1,100,000 is provided on a one-time basis, contingent on the receipt of Direct Certification, Team Nutrition, and Administrative Review and Training grants from the United States Department of Agriculture ~~to develop and implement school district training needed to implement federal requirements associated with the Child Nutrition program.~~

2. Federal Child Nutrition Direct Certification and Verification Carryover Funds (Issue 492)—It is requested that Item 6110-001-0890 be increased by \$320,000 Federal Trust Fund and that Item 6110-001-0001 be amended to reflect the availability of one-time carryover funds resulting from the delay in fully spending the Federal Child Nutrition Direct Certification and Verification Grant that SDE received in 2008-09. These funds would be used to improve and expand current state-level processes for directly certifying and verifying students eligible for free and reduced-price meals

through service contracts with the California School Information Services, California Department of Social Services, and Department of Health Care Services.

It is further requested that Provision 24 of Item 6110-001-0890 be amended as follows to conform to this action:

“24. Of the funds appropriated in this item, ~~\$112,000~~432,000 is available on a one-time basis to improve and expand the direct certification and verification processes of students in child nutrition programs.”

Federal Funds Adjustments – Local Assistance

3. Item 6110-119-0890, Local Assistance, Neglected and Delinquent Children Program (Issue 248)—It is requested that this item be increased by \$43,000 federal Title I Neglected and Delinquent Children funds to reflect the availability of one-time carryover funds. LEAs will use these funds for services to educate neglected and delinquent or incarcerated youth.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (4), \$43,000 is provided in one-time carryover funds to support the existing program.

4. Item 6110-125-0890, Local Assistance, English Language Acquisition Program (Issue 250) - It is requested that this item be increased by \$1,683,000 federal Title III Language Acquisition funds to reflect the availability of one-time carryover funds. LEAs will use these funds for services to help students attain English proficiency and meet grade level standards.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (3), \$1,683,000 is provided in one-time carryover funds to support the existing program.

5. Item 6110-134-0890, Local Assistance, Title I Basic Program (Issue 251)—It is requested that this item be increased by \$4.0 million federal Title I funds to reflect the availability of one-time carryover funds. LEAs will use these funds to support services that assist low achieving students enrolled in the highest poverty schools.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (4), \$4,000,000 is provided in one-time carryover funds to support the existing program.

6. Item 6110-136-0890, Local Assistance, Title I Even Start Program (Issue 249)—It is requested that this item be increased by \$683,000 federal Title I Even Start funds to reflect the availability of one-time carryover funds. LEAs will use these funds for services to improve the educational opportunities of low-income families and for a unified literacy program that integrates early childhood education and parenting education.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedule (2), \$683,000 is provided in one-time carryover funds to support the existing program.

7. Item 6110-166-0890, Local Assistance, One-time Carryover for Federal Vocational Education (Issue 401)—It is requested that this item be increased by \$10,784,000 federal Vocational Education funds to reflect one-time carryover available to support Vocational Education Programs, which develop academic, vocational, and technical skills of students in high schools, community colleges and Regional Occupational Centers and Programs.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$10,784,000 is provided from one-time carryover funds for Vocational Education Programs.

8. Item 6110-193-0890, Local Assistance, Mathematics and Science Partnership Program (Issue 086)—It is requested that this item be increased by \$6,561,000 federal Title II funds to reflect the availability of one-time carryover funds. The Mathematics and Science Partnership Program provides competitive grant awards to partnerships of low-performing schools and institutes of higher education to provide staff development and curriculum support to mathematics and science teachers.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in this item, \$6,561,000 is provided in one-time carryover funds to support the California Mathematics and Science Partnership Program.

9. Item 6110-197-0890, Local Assistance, Adjust Federal Funds for 21st Century Community Learning Centers (Issue 331)—It is requested that this item be increased by \$40.0 million federal 21st Century funds to provide one-time carryover authority for

unspent prior-year funds for the 21st Century Community Learning Centers program to be spent in a manner consistent with the existing program. Further, it is proposed that reporting language be added to determine the reasons for carryover and how these funds are utilized. This program provides grants to support the establishment of community learning centers that offer academic enrichment opportunities during non-school hours for students, particularly those who attend high-poverty and low-performing schools.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funding provided in this item, \$40,000,000 is available from one-time carryover from prior years.

X. The State Department of Education shall provide a report to the Department of Finance and the Legislative Analyst that includes, but is not limited to, allocation and expenditure data for all programs funded in this item in the past three years, the reasons for carryover, and the planned uses of carryover funds by March 1, 2010.

General Fund Adjustments

10. Item 6110-001-0001, State Operations, Schedule Correction (Issue 012)—It is requested that \$1,250,000 be shifted from Program 20 to Program 30 in Item 6110-001-0001 to correct a scheduling error contained in the Budget Act of 2009.

11. Item 6110-001-0001, State Operations, Extend Limited-Term Positions for the Enhancing Education Through Technology (EETT) Grant Program (Issue 244)—It is requested that position authority for 2.0 limited-term Education Program Consultant positions in the Education Technology Office be extended for an additional two years, to June 30, 2011. These positions will support workload associated with the EETT program, including tracking grant awards and providing technical assistance to the 58 county offices of education receiving local assistance funds.

Special Fund Adjustments

12. Item 6110-492 and 6110-001-3085, Reappropriation, Mental Health Services Act, Proposition 63 (Issue 562)—It is requested that \$319,000 in Mental Health Services funds appropriated in Schedule (1) of Item 6110-001-3085, Budget Act of 2008, be reappropriated in 2009-10. These funds were provided to allow SDE to contract with mental health/educational professionals ~~other departments~~ to implement trainings and develop mental health best practices resources pursuant to the Mental Health Services Act. However, due to contract bid issues (non-qualified bids and appeals), the funds cannot be spent until 2009-10.

It is further requested that language be added as follows to conform to this action:

6110-492—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balance of the appropriation provided in Schedule (1) of Item 6110-001-3085 of the Budget Act of 2008 (Chs. 268 and 269, Stats. 2008), is reappropriated and shall be available for encumbrance or expenditure until June 30, 2010, to contract with mental health/educational professionals to support the involvement of local educational agencies in local mental health planning and implementation efforts for the purpose of fulfilling contracting services with other departments pursuant to the Mental Health Services Act (Proposition 63).

ACTION ITEM: STAFF RECOMMENDATION (CONSENT): Staff recommends approval of all of the DOF April Letter proposals listed above, including staff revisions highlighted for several items. These revisions provide corrections to the April Letter requested by both CDE and DOF. No issues have been raised for any of these items.

OUTCOME:

APPROVE ALL ISSUES (#1-12) WITH STAFF REVISIONS. (Vote: 3-0)

ISSUE 2. State Special Schools -- Capital Outlay – New Lease Revenue Bond Projects (6110-301-0660)

DESCRIPTION:

The Governor's January budget proposes funding for two new capital outlay projects at the State Special Schools in 2009-10. The Governor requests a total of **\$31.5 million** in lease-revenue bond funding for these projects. The Department of Finance will present the proposal.

The 2009-10 Budget Act approved in the February Special Session did not adopt the Governor's proposal to fund these two new capital outlay projects. This decision was made "without prejudice" to the proposal to allow the Legislature more time to review new lease-revenue bond proposals, given the state's changing fiscal environment.

The LAO suggests a modified proposal to address the health and safety issues related to these proposals.

BACKGROUND:

State Special Schools. The California Department of Education administers the State Special Schools, which includes a total of six facilities under its jurisdiction: three residential schools and three diagnostic centers. The residential schools include the Schools for the Deaf in Riverside and Fremont and the School for the Blind in Fremont. The State Diagnostic Centers are regionally located in Fresno, Fremont, and Los Angeles. These state facilities comprise a total of 960,000 gross square feet on 176 acres of land.

The three Special Schools include the California Schools for the Deaf in Fremont and Riverside and the California School for the Blind in Fremont. Students attending State Special Schools are served in residential or day programs. The two Schools for the Deaf provide instructional programs to approximately 826 students who are deaf and the California School for the Blind provides instructional programs for approximately 71 students who are blind, visually-impaired, or deaf-blind in 2008-09.

State Special School Enrollments	2004-05	2005-06	2006-07	2007-08	2008-09
School for the Deaf, Riverside	484	449	430	443	412
School for the Deaf, Fremont	473	490	485	484	414
School for the Blind, Fremont	85	88	85	89	71
TOTAL	1,042	1,027	1,000	1,016	897

The three State Diagnostic Centers administer assessments to approximately 1,500 students per year and provide training to 31,000 educators annually. Of the 1,500 annual assessments, approximately 250 take place at the three centers; the remaining 1,250 are considered “field” assessments, which take place within local education agencies.

Lease-Revenue Bond Financing. Lease-revenue bonds allow the state to borrow money to build facilities for a variety of purposes. Lease-revenue bonds work much like general obligation bonds (GO). However, lease-revenue bonds do not require voter approval and do not have the "full faith and credit" of the state of California, like GO bonds do. As a result, lease-revenue bonds are viewed as a little bit riskier by investors and have a slightly higher interest rate. As is the case with other bond projects, the State Special School projects do not require funding up front. The General Fund pays for the debt service, which is spread over a 25-year period, with interest, once the project is completed.

GOVERNOR’S BUDGET: The Governor’s January 10 budget proposes two new capital outlay projects for the State Special Schools. These projects involve funds for renovation of athletic facilities at two of the State Special Schools, as follows:

1. Athletic Complex, California School for the Deaf, Fremont. Requests **\$14,568,000** to renovate the football field and surrounding track and to add athletic locker room space at the California School for the Deaf, Fremont. The project includes the following features:

- artificial turf football/soccer field,
- synthetic running track,
- field access,
- raised bleachers,
- press box,
- concession stand,
- restroom facilities,
- storage facilities,
- equipment,
- fencing,
- parking,
- athletic locker rooms,
- stadium field lighting,
- drinking faucets,
- sideline team benches, and
- cable for the public address system and scoreboard.

2. Athletic Complex, California School for the Deaf, Riverside. Requests **\$16,960,000** to design and construct an athletic complex at the California School for the Deaf, Riverside to ensure the safety of participants and spectators and

maximize the use of the fields available for interscholastic sports, physical education classes, school functions, and recreational activities for residential students. The complex will be utilized for different sporting events including soccer, baseball, softball, track and field, football, and intramural activities for all students. The complex will improve accessibility, safety, and convenience for those attending and participating by adding the following features:

- bleachers,
- lighting,
- restroom facilities,
- concession stand,
- electronic scoreboard/message boards,
- drinking fountains,
- storage facilities,
- security systems,
- fencing, and
- accessible pathways.

LAO RECOMMENDATION: The LAO recommends against approving the athletic complex and football field/track for the State Special Schools given that these are non-academic projects being proposed in a difficult budget year. The LAO, however, acknowledges that the existing fields are in bad shape and pose potential health and safety risks. They would suggest a modified proposal that only addresses the health and safety issues, such as replacing the grass on both football fields but not adding any bleachers or facilities.

STAFF COMMENTS:

2008-09 Proposals. The Governor first proposed the two athletic field renovation projects for the State Special Schools in 2008-09. The LAO had several concerns with the Governor's requests. With respect to the athletic complex and football field projects, the LAO was concerned about the high costs associated with the projects and engaged the Department of Education staff in exploring (1) lower-cost, alternative renovations that would focus on making the athletic fields a safe place for students and (2) options for developing partnerships with local schools and cities to share facilities for athletic events.

Health and Safety Concerns: The LAO visited the project sites at the State Special Schools to evaluate the Governor's capital outlay proposals. The LAO reports that the athletic fields at both sites are in "bad shape". As detailed in the project proposals developed by CDE, there are number of serious health and safety concerns for students and staff with continued use of the existing athletic fields. For example, at the Fremont school, the football field has become infested with ground squirrels and geese leading to unsafe conditions. According to CDE, in just half a day, Canadian geese leave 150 pounds of feces on the football field and 13,500 pounds over a 3-month period. The feces contaminate the fields with pathogenic bacterial that may pose human health risks.

There are also problems with holes made by ground squirrels which have caused 25 students and three staff to be injured in 2008-09. At the school in Riverside, inter-school sports events may be discontinued due to the unevenness of the field that is felt to be too unsafe for student athletes.

STAFF RECOMMENDATION:

- Staff recommends that the Subcommittee hold off on action on the Governor's new capital outlay proposals for the State Special Schools until after May Revise.
- Per the LAO's recommendation, staff also recommends that the Department of Finance and the Department of Education estimate the costs for the health and safety components of each of the projects and present these revised estimates to the Subcommittee at May Revise.

OUTCOME:

ISSUE 3. State Special Schools -- Capital Outlay – DOF April Letter Funding Reappropriations (6110-490) (Consent)

DESCRIPTION: The Department of Finance April Letter requests that a new budget item be added to the 2009-10 Budget Act to reflect the reappropriation of the unencumbered balances of the bond funded appropriations for three capital outlay projects at the California School for the Deaf - Riverside.

DOF APRIL LETTER REQUEST: Pursuant to Budget Letter 08-33 last December, state departments were directed to suspend any projects that require cash disbursement from Pooled Money Investment Account loans. In order to comply with this budget letter, the California Department of Education (CDE) suspended project activities for three lease-revenue bond funded projects at the State Special School in Riverside. These projects were all authorized in previous state budgets. As a result of suspension, implementation of these projects was delayed in 2008-09 and it is now necessary to reappropriate the unexpended fund balances for these three projects so they can continue in 2009-10. The DOF April Letter request is included below.

Addition of Budget Bill Item 6110-490, Capital Outlay, Department of Education --It is requested that Item 6110-490 be added to reappropriate the unencumbered balances of the bond funded appropriations for three Department of Education projects at the California School for the Deaf Riverside. Funding for these projects was originally appropriated in the Budget Acts of 2005, 2006, 2007, and 2008. This request will increase the budget authority for the three projects as follows:

- **\$10,765,000** for Phase 1 - Career and Technical Education Complex and Service Yard Construction and Equipment.
- **\$3,729,000** for Phase 2 - Career and Technical Education Complex and Service Yard Construction.
- **\$22,567,000** for a New Gymnasium and Pool Center – Construction and Equipment.

ACTION ITEM: STAFF RECOMMENDATION (CONSENT): Staff recommends approval of the DOF April Letter request to allow reappropriation of funds for three capital outlay projects at the School for the Deaf –Riverside. These bond funded projects were approved in previous state budgets. No issues have been raised for any of these items.

OUTCOME:

APPROVE THREE REAPPROPRIATION ITEMS. (Vote: 3-0)